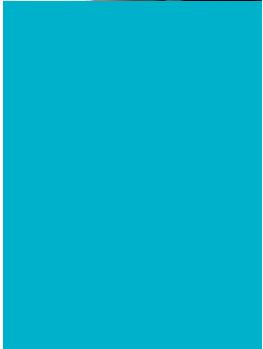


Alexandra plc

Interim Results
for the six months ended 31 July 2005



Dedicated to service

Alexandra plc

is a multinational supplier of workplace clothing dedicated to providing customers with innovative design, top quality garments, best prices and the highest level of service support.

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Financial Highlights

Delivering on the strategy

	Six months ended 31 July 2005	Six months ended 31 July 2004	+/- %
Revenue (£m)	35.82	34.54	+3.7
Profit from operations (£m)	2.93	2.48	+18.1
Profit before taxation (£m)	2.39	1.92	+24.5
Earnings per share (p)	4.9	4.0	+22.5
Dividend per share proposed (p)	1.9	1.8	+5.6
Net debt (£m)	16.86	14.56	+15.8

- 3.7% revenue growth
- Price deflation seen in prior periods has run its course
- Gross margin increased to 39.9% (2004: 39.1%)
- Profit from operations up 18.1% due to improved margin and productivity and efficiency gains
- Earnings per share increase of 22.5%
- Recently acquired Prima Corporate Wear performing ahead of expectations
- 5.6% increase in interim dividend, consistent with progressive dividend policy
- Further growth expected in second half from recent contract wins

Alexandra is continuing to deliver profitable organic and acquisitive growth.

Julian Budd
Chief Executive

Interim Statement

Overview

The Board is pleased to announce that Alexandra has again made strong progress in the first six months of the year with revenue up 3.7% and profit before tax up almost 25%.

Major account wins in 2005 of blue chip, international companies have already begun to generate revenue in the first half and this will be complemented in the second half by significant recent gains.

The integration of Prima Corporate Wear, acquired in April, is progressing well and the business is performing ahead of expectations.

The business infrastructure of the Group has been improved to provide a solid platform for organic growth. Key elements have been:

- the recent launch of a restyled catalogue, including a limited number of new garment ranges
- the extension of the Personal Protective Equipment (PPE) range
- the introduction of a new on-line store at www.alexandra.co.uk
- a further strengthening of the management team in key areas.

The Board has declared an increased interim dividend of 1.9 pence, reflecting its confidence in the future potential of the business.

Financial performance

Turnover increased by almost 4% to £35.8m (2004: £34.5m), including a strong performance from Prima. Price deflation has run its course and its impact on the first half performance was minimal.

Gross margin improved to 39.9% (2004: 39.1%) due to the continued focus on supplier costs and the strength of the pound.

Total distribution and overhead costs of £11.4m grew by 3% (2004: £11.0m). Distribution costs rose sharply due to increased international shipments to pan-European accounts. Administration expenses were up only 0.5%. The additional administration costs from Prima were offset by productivity and efficiency gains within the Group.

Profit from operations of £2.93m was up 18% on last year, benefiting from the improved gross margin and well controlled overheads. This represented an operating margin of 8.2%, up from 7.2% in the first half of 2004.

Earnings per share rose by 23% to 4.9p (2004: 4.0p), aided by a net gain included in finance costs of £0.1m from the revaluation of dollar-based foreign exchange contracts required under IFRS rules.

Largely due to the acquisition of Prima, borrowings increased to £16.9m from £14.6m last year and £11.5m at the year-end, the Company's seasonal gearing low point. Interest cover increased from 5.5 times to 6.1.

The Board is declaring an interim dividend of 1.9 pence per share (2004: 1.8 pence), an increase of 5.6%. The interim dividend will be paid on 2 December 2005 to shareholders on the register at 4 November 2005.

Strategy

The strategic objective of the Group is the delivery of profitable growth through leadership in the European corporate clothing market. Growth is to be generated organically, through acquisition and by moving into new markets.

Alexandra is one of Europe's largest businesses focussed on meeting the needs of corporate clothing customers, selling over 10 million garments per annum. It has a distinctive set of differentiators that will facilitate further organic growth.

These include:

- the long established brand, representing quality, service and value
- the breadth of market sectors addressed
- the growing list of prestigious, blue chip accounts
- the variety of routes to the customer:- direct, telesales, catalogue or web
- mature and bespoke business systems
- international presence and proven ability to service pan-European accounts
- a management team with extensive experience in the industry.

The Board believes the consolidation of the industry is likely to continue. Alexandra, following its recent successful acquisition of Prima, is well placed to play a part in that consolidation. Debt levels and interest cover remain healthy and current bank facilities provide headroom for further purchases from borrowings should the right opportunity be identified.

Operational review

Alexandra has made solid progress implementing its strategy during the last six months. Despite a backdrop of weakening consumer confidence and higher oil prices, the Group has continued to achieve top and bottom line growth. This has been possible as Alexandra is recognised for providing good value for money products backed by excellent service and support. The Chinese quota issue that caused disruption in the textile sector has had little impact on the Group due to its broad and flexible supplier base.

The Group's move from being a basic workwear supplier to corporate-wear specialist continues and the success of this is demonstrated by the organic growth achieved in the period. Several corporate rollouts are also scheduled in the next four months, biasing seasonality towards the second half.

The improved catalogue that was issued in September has been well received by customers and early indications are that this has generated a significant increase in orders. In addition to its contemporary design, it also contains a selected number of new and enhanced styles that are focussed on specific market sectors where growth opportunities have been identified.

A new personalised on-line store was launched at www.alexandra.co.uk to coincide with the catalogue drop. This allows customers further choice as to how they do business with Alexandra by providing them on-line access to their own individual account.

An extended range of PPE products has been launched and is featured in the new catalogue. This is seen as an area of strong growth in the future and was instrumental in winning a number of large corporate accounts.

The Board has been pleased with the performance of the Prima business that was purchased in April. Prima provided the Group with growth through its leading position in the security sector and has performed above expectations in the first half.

Integration of the business is going well and it is expected to contribute over 1.0p to EPS in the current financial year.

IFRS

The 2005 Annual Report highlighted the requirement for the Group to prepare its results in accordance with International Financial Reporting Standards (IFRS). The interim results are the first set to be reported under these new rules. The appropriate restatements under IFRS and reconciliations to previously reported figures under UK GAAP for July 2004 and January 2005 have been included in the supporting notes.

Management

The Executive Management team has enjoyed stability during the last six months.

Key appointments have been made at senior management level. The current Head of Design has accepted an expanded role as Head of Marketing and Design. Similarly, the Head of Production has assumed additional responsibility for the procurement function.

Progress is also being made towards recruiting a Non-Executive Director to replace Richard Wynn-Jones who announced his intention to retire at the last AGM.

Outlook

The first half of the year saw a number of new contracts won and as these rollout in the second half there is continued good progress to be made. The current order book is over 20% higher than at the same time last year, reflecting the additional business that has been secured.

The Board is confident that top line growth from the new accounts coupled with a continued focus on productivity and efficiency gains will produce a very satisfactory outcome for the year.

Moreover, there remain many small businesses which, because of their limited size, are finding market conditions tough and provide opportunities for Alexandra to pursue its consolidation strategy.

Consolidated Income Statement (unaudited)

For the six months ended 31 July 2005

	Note	Six months to 31/07/05 £000	Six months to 31/07/04 (restated) £000	Year to 31/01/05 (restated) £000
Revenue		35,821	34,542	70,723
Cost of Sales		(21,514)	(21,043)	(42,920)
Gross profit		14,307	13,499	27,803
Distribution costs		(1,558)	(1,244)	(2,540)
Administration expenses		(9,816)	(9,771)	(19,191)
Profit from operations		2,933	2,484	6,072
Loss on disposal of fixed assets		(96)	(31)	(47)
Operating profit		2,837	2,453	6,025
Finance costs (net)	7	(447)	(529)	(1,082)
Profit before taxation		2,390	1,924	4,943
Taxation	4	(749)	(599)	(1,514)
Profit for the period		1,641	1,325	3,429
Earnings per share				
Earnings per share (basic and diluted)	5	4.9p	4.0p	10.3p
Ordinary dividends paid and proposed				
Dividends proposed	6	1.9p	1.8p	3.5p
Dividends paid		3.5p	3.3p	5.1p

Statement of Recognised Income & Expense (unaudited)

For the six months ended 31 July 2005

	Six months to 31/07/05 £000	Six months to 31/07/04 (restated) £000	Year to 31/01/05 (restated) £000
Actuarial gain / (loss) on defined benefit pension scheme	742	(491)	(2,964)
Deferred tax on actuarial gain / (loss)	(223)	147	889
	519	(344)	(2,075)
Exchange difference on translation of foreign operations	5	16	3
Cash flow hedge (fair value loss in period)	(100)	-	-
	424	(328)	(2,072)
Net income / (expense) recognised directly to reserves	1,641	1,325	3,429
Profit for the period			
Total recognised income for the period	2,065	997	1,357

Consolidated Balance Sheet (unaudited)

At 31 July 2005

	Note	As at 31/07/05 £000	As at 31/07/04 (restated) £000	As at 31/01/05 (restated) £000
Assets				
Non-current assets				
Goodwill		3,728	483	483
Other intangible assets		2,048	1,712	1,884
Property, plant and equipment		9,477	9,509	9,489
Deferred tax		3,674	3,081	3,868
Investments		10	10	10
		18,937	14,795	15,734
Current assets				
Inventories		30,366	27,694	27,785
Trade and other receivables		23,739	22,915	21,427
Financial instruments		51	-	-
		54,156	50,609	49,212
Total assets		73,093	65,404	64,946
Liabilities				
Current liabilities				
Trade and other payables		18,740	16,118	16,251
Current tax liabilities		1,007	774	953
Obligations under finance leases		7	9	10
Borrowings		2,852	45	1,701
		22,606	16,946	18,915
Non-current liabilities				
Long term borrowings		14,000	14,500	9,750
Financial instruments		129	-	-
Obligations under finance leases		-	7	4
Retirement benefit obligations	8	11,933	9,940	12,570
Deferred tax liabilities		665	706	644
Other provisions for liabilities and charges		152	132	135
		26,879	25,285	23,103
Total liabilities		49,485	42,231	42,018
Net assets		23,608	23,173	22,928
Equity				
Called up share capital		3,335	3,335	3,335
Share premium account		1,824	1,824	1,824
Revaluation reserve		2,359	2,357	2,359
Other reserves		913	1,052	1,037
Retained earnings		15,177	14,600	14,373
Equity shareholders' funds		23,608	23,168	22,928
Minority interest		-	5	-
Total equity		23,608	23,173	22,928

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 July 2005

	Six months to 31/07/05 £000	Six months to 31/07/04 (restated) £000	Year to 31/01/05 (restated) £000
Cash flows from operating activities			
Operating profit	2,837	2,453	6,025
Depreciation and amortisation	830	774	1,550
Foreign exchange differences	14	45	(36)
Loss on sale of fixed assets	96	31	47
Defined benefit costs less contributions paid	(113)	(223)	(151)
(Increase) / decrease in inventories	(1,783)	614	554
(Increase) / decrease in receivables	(956)	(511)	1,044
Increase / (decrease) in payables	1,177	(88)	28
Increase in other provisions	17	28	30
Cash generated by operations	2,119	3,123	9,091
Taxes paid	(857)	(1,016)	(1,864)
Net cash from operating activities	1,262	2,107	7,227
Investing activities			
Acquisition of subsidiaries (net of cash acquired)	(4,093)	(68)	(63)
Purchase of property, plant and equipment	(359)	(221)	(632)
Proceeds from sale of plant and equipment	(73)	(19)	(13)
Purchase of other intangible assets	(533)	(422)	(943)
Net cash used in investing activities	(5,058)	(730)	(1,651)
Financing activities			
Interest paid	(434)	(350)	(859)
Dividends paid to company shareholders	(1,168)	(1,098)	(1,697)
Increase in / (repayment of) borrowings	4,250	1,662	(3,838)
Repayments of obligations under finance leases	(6)	(5)	(7)
Net proceeds from issue of ordinary share capital	-	30	30
Net cash flow from / (used in) financing activities	2,642	239	(6,371)
Net (decrease) / increase in cash and cash equivalents	(1,154)	1,616	(795)
Cash and cash equivalents at start of period	3,049	3,843	3,843
Effect of foreign exchange rate changes	3	(4)	1
Cash and cash equivalents at end of period	1,898	5,455	3,049

Notes to the Financial Statements

1. Basis of preparation

For all periods up to and including 31 January 2005, Alexandra plc has prepared its financial statements in accordance with UK Generally Accepted Accounting Practices (UK GAAP). As a result of changes in EU regulations, from 1 February 2005 Alexandra plc will be reporting its results in accordance with International Financial Reporting Standards (IFRS). The Group's first published Annual Report under IFRS will be for the year ending 31 January 2006.

Accordingly, these interim financial statements which are for the six months ending 31 July 2005 have been prepared for the first time in accordance with International Financial Reporting Standards and are covered by IFRS 1, First-time Adoption of IFRS. The interim financial statements have been prepared on the basis of all IFRS and International Accounting Standards ('IAS') that are expected to be applicable, or applicable through early adoption, for the year ending 31 January 2006. Due to the continuing work of IASB, the EU endorsement process and possible amendments to the interpretative guidance, the Group's accounting policies and consequently information presented within these statements may change prior to the publication of the Group's annual results for the year ending 31 January 2006.

These interim financial statements were approved by the Board on 3 October 2005. They are unaudited but have been reviewed by the auditors whose report is set out on page 23.

The information presented within these interim financial statements is in compliance with IAS 34 "Interim Financial Reporting".

In preparing these interim financial statements the comparative figures previously reported under UK GAAP have been restated for the transition to IFRS. The disclosures required by IFRS 1 regarding this transition for the relevant periods are given in note 13.

2. Accounting policies

The accounting policies followed in the preparation of this interim report have been applied consistently to all years presented except for those relating to the classification and measurement of financial instruments. The Group has complied with the exemption available in IFRS 1 to only apply IAS 32 and IAS 39 from 1 February 2005.

All accounting policies are consistent with those applying in the last annual financial statements for the year ended 31 January 2005 other than where the following changes have been adopted in order to comply with IFRS.

Financial instruments

The Group uses various financial instruments. These are primarily forward exchange contracts which manage the currency risk associated with the financing of its underlying business activities and interest rate swaps which are used to hedge the Group's exposure to interest rate fluctuations.

The Group does not use derivative instruments for speculative purposes.

Prior to the adoption date of 1 February 2005, as permitted by IFRS 1, financial instruments were recorded on the existing UK GAAP basis as described in the previous Annual Report and Accounts.

From 1 February 2005, financial instruments which are not classified as a hedge per IAS 39 are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. Any change in their fair value is recognised immediately in the

Financial instruments - continued

income statement. For those that qualify as a cash flow hedge, such as interest rate swaps, the changes in their fair value are recognised directly in equity. Such instruments are assessed on an on going basis to ensure their continued effectiveness. Any ineffective portion of fair value gains or losses identified is recognised in the profit and loss account.

Intangible assets - Computer Software

As per IAS 38 acquired computer software licenses and internally developed software products that will generate economic benefits beyond one year are capitalised as an intangible asset and amortised over their estimated useful lives on a straight line basis.

Deferred taxation

As per UK GAAP deferred tax is recognised on a full provision basis in respect of all temporary differences which have originated, but not reversed at the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply when the related deferred tax balance is settled. No policy of discounting to reflect the time value of money is permissible under IFRS, which was previously adopted under UK GAAP.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Post balance sheet events

IAS 10 requires dividends to be recognised as a liability when they are approved. For a final dividend this is when approved by shareholders at an Annual General Meeting. Interim dividends are accounted for when approved by the Board.

Business combinations

In accordance with IFRS 3, goodwill is carried at cost with impairment reviews carried out at least annually. Under the transitional arrangements of IFRS 1, the Company has exercised its option of applying IFRS 3 prospectively from the date of transition to IFRS. Accordingly, goodwill arising from acquisitions prior to 1 February 2004 is frozen at its written down value with no amortisation from that date.

Operating leases

Annual rentals payable under operating leases are charged to the income statement in equal amounts over the lease term. Benefits receivable or payable as an incentive to enter into or create an operating lease are spread on a straight-line basis over the term of the relevant lease. Previously under UK GAAP these incentives were spread to the date of the next review when the prevailing market rental would be payable.

Retirement benefits

Under IFRS, the Group accounts for pension and similar benefits under the amended IAS 19 "Employee Benefits". It has been assumed that the EU will endorse the amendment to IAS 19 issued by the IASB in December 2004 which permits actuarial gains and losses arising on defined benefit pensions to be recognised in the Statement of Recognised Income and Expense. At the transition date all cumulative actuarial gains and losses have been recognised in the Balance Sheet under retirement benefits. Under UK GAAP, the Group measured pension benefits in accordance with SSAP 24 "Accounting for Pension Costs" with additional disclosures given in accordance with FRS 17 "Retirement Benefits".

Retirement benefits - continued

Under IAS 19 for defined benefit schemes, the liability in the balance sheet represents the present value of the defined benefit obligations at that date less the fair value of plan assets. The defined benefit obligation is calculated periodically by an independent actuary.

Current service costs are recognised in operating costs in the income statement. Interest cost on plan liabilities and the expected return on plan assets are recognised in finance costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated Statement of Recognised Income and Expense.

Translation differences

IFRS, IAS 21 requires translation differences from 1 February 2004 that are permitted to be taken to reserves to be tracked in a separate foreign exchange reserve.

Under the transitional rules, the Group has deemed the cumulative translation difference for foreign operations to be zero at 1 February 2004. Hence £1,398,000 has been reclassified to retained earnings. The gain or loss on any subsequent disposal of a foreign subsidiary will be adjusted only by those accumulated translation adjustments arising after 1 February 2004.

3. Segmental reporting

As per IAS 14, based on the entity's risks and returns which are reflected within the internal financial reporting structures of the Group, the Board considers that the primary reporting format is business segment. There is only one business segment being the sourcing and sale of workplace clothing. Therefore the disclosures for the primary segment have already been given in these financial statements. The secondary reporting format is by geographical analysis based on the segment from which the sale was made.

4. Taxation

Taxation has been calculated on the profit on ordinary activities using the effective tax rate for the current financial year.

5. Earnings per share

Basic earnings per share has been calculated on the profit for the period and the weighted average number of shares in issue during the period. The diluted earnings per share has been calculated on the basic earnings and the weighted average number of shares plus an additional amount representing the fair value of weighted average number of shares under option during the period.

6. Dividend

	Six months to 31/07/05 £000	Six months to 31/07/04 £000	Year to 31/01/05 £000
Dividend paid and recognised in the period	1,168	1,099	1,699

Subsequent to the period end the Board has proposed an interim dividend of 1.9p per share (2004: 1.8p), totalling £634,000 (2004: £600,000) which will be paid on 2 December 2005 to shareholders on the register at close of business on 4 November 2005. In accordance with International Financial Reporting Standards these financial statements do not reflect the dividend payable.

Notes to the Financial Statements - continued

7. Finance costs

	Six months to 31/07/05	Six months to 31/07/04 (restated)	Year to 31/01/05 (restated)
	£000	£000	£000
Interest payable (net) on bank loans and overdrafts	468	449	917
Finance cost on retirement benefit liability	218	80	165
Movement on foreign exchange derivatives	(239)	-	-
	447	529	1,082

8. Retirement benefits liability

The Company operates two funded pension schemes in the UK. These are the Alexandra 1994 Pension Fund and the Alexandra Pension Fund. The Alexandra 1994 Pension Fund has both defined benefit and defined contribution sections, although the defined contribution section is relatively small. The defined benefit schemes are closed to new entrants.

This disclosure is in respect of the defined benefit section only.

The Company has opted to recognise all actuarial gains and losses immediately through the Statement of Recognised Income and Expenditure.

A full actuarial valuation of the scheme was carried out as at 31 January 2005 and updated to 31 July 2005 by an independent actuary. The major assumptions used by the actuary were as follows:

	Six months to 31/07/05	Six months to 31/07/04	Year to 31/01/05
Discount rate	5.4%	5.8%	5.6%
Rate of salary increase	3.6%	3.8%	3.8%
Rate of increase to pensions in payment (where index-linked)	2.5%	2.5%	2.5%
Rate of inflation	2.6%	2.8%	2.8%

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The fair value of the schemes' assets and the present value of the schemes' liabilities were:

	As at 31/07/05 £000	As at 31/07/04 £000	As at 31/01/05 £000
Equities	24,747	21,801	23,758
Bonds	9,582	6,116	6,312
Cash	(58)	1,055	1,363
	34,271	28,972	31,433
Present value of defined obligations	(46,204)	(38,912)	(44,003)
Net liability in balance sheet	(11,933)	(9,940)	(12,570)

8. Retirement benefits liability - continued

Changes in the present value of the defined benefit obligation are as follows:

	Six months to 31/07/05 £000	Six months to 31/07/04 £000	Year to 31/01/05 £000
Benefit obligation at start of period	44,003	37,935	37,935
Service cost	185	213	360
Interest cost	1,228	1,097	2,188
Contributions by plan participants	102	93	198
Actuarial loss / (gain)	1,150	(4)	4,214
Benefits paid	(464)	(422)	(892)
Benefit obligation at end of period	46,204	38,912	44,003

Changes in the fair value of plan assets are as follows:

	Six months to 31/07/05 £000	Six months to 31/07/04 £000	Year to 31/01/05 £000
Fair value of plan assets at start of period	31,433	28,343	28,343
Expected return on plan assets	1,010	1,017	2,023
Actuarial gain/(loss)	1,892	(495)	1,250
Contributions by employers	298	436	511
Contributions by plan participants	102	93	198
Benefits paid	(464)	(422)	(892)
Benefit obligation at end of period	34,271	28,972	31,433

9. Analysis of net debt

	As at 31/07/05 £000	As at 31/07/04 (restated) £000	As at 31/01/05 (restated) £000
Cash and cash equivalents	1,898	5,455	3,049
Bank borrowings due within one year	(4,750)	(5,500)	(4,750)
Bank borrowings due after more than one year	(14,000)	(14,500)	(9,750)
Finance leases	(7)	(16)	(14)
Total net debt	(16,859)	(14,561)	(11,465)

Notes to the Financial Statements - continued

10. Reconciliation of movement in shareholders' equity

	Six months to 31/07/05	Six months to 31/07/04 (restated)	Year to 31/01/05 (restated)
	£000	£000	£000
Profit for the period	1,641	1,325	3,429
Dividends paid	(1,168)	(1,099)	(1,699)
Exchange difference on translation of foreign operations	5	16	3
Net actuarial gain / (loss)	519	(344)	(2,075)
Cash flow hedge (fair value loss in period)	(100)	-	-
Issue of shares	-	30	30
Net increase/(decrease) in shareholders' equity	897	(72)	(312)
Equity at the start of the period	22,928	23,240	23,240
Adoption of IAS 39	(217)	-	-
Equity at the end of the period	23,608	23,168	22,928

11. Business combinations

On 26 April 2005 Alexandra plc acquired 100% of the share capital of Prima Corporate Wear Limited for £4,132,000. The consideration was satisfied in cash. The fair value of the net assets acquired was £887,000.

12. General information

The results for the year ended 31 January 2005 are abridged from the audited Annual Report and Accounts and amended in line with IFRS as detailed in note 13. The full Group financial statements received an unqualified auditors report and have been filed with the Registrar of Companies.

This report has been sent to all shareholders. Additional copies are available at the Company's registered office, Alexandra House, Midland Way, Thornbury, Bristol, BS35 2NT.
Telephone: (01454) 876003.

The report can be found on the website of Alexandra plc, www.alexandra.co.uk.

13. Transition from UK GAAP to IFRS

As required under IFRS 1, the equity reconciliations at 1 February 2004 (the transition date for IFRS) and at 31 January 2005 (date of the last UK GAAP financial statements) and the income statement reconciliation for year ending 31 January 2005 are set out below. For comparative purposes, the equity reconciliations at 31 July 2004, and the income statement reconciliation for the six months to 31 July 2004, are also included to enable a comparison of the 2005 published interim figures.

Details of changes to the accounting policies following the introduction of IFRS are given in note 2.

The net effect of adopting IFRS rather than UK GAAP in the year ending 31 January 2005 is to increase profit before tax from £4,673,000 to £4,943,000 and to reduce net assets from £31,554,000 to £22,928,000. The changes have no impact on the cash flows previously reported.

13. Transition from UK GAAP to IFRS - continued

The most significant changes for the Group in its financial statements for the year ending 31 January 2005 are:

- a. the recognition in the balance sheet of the liability of the defined benefit pension schemes and the resulting decrease in costs in the income statement. The net impact on assets as at 31 January 2005 was a reduction of £9,453,000. Profit after tax benefited from lower costs chargeable to the income statement of £224,000.
- b. removal of the liability for the year end dividend declared in April 2005 which resulted in an increase of net assets by £1,168,000.
- c. the cessation of goodwill amortisation. The net impact is to reduce the goodwill amortisation charge by £32,000 for the year ending 31 January 2005.
- d. an increase in profit after tax for the year ending 31 January 2005 of £40,000 relating to lease incentives spread on a straight line basis over the term of the lease which were previously charged through the income statement to the next rent review date. The impact on net assets as at 31 January 2005 was a reduction of £181,000.
- e. an increase in deferred tax liability as at 31 January 2005 of £192,000 due to the unwinding of discounting the time value of money not permissible in IAS 12.

In addition, there are other presentational changes on the balance sheet arising from the transition to IFRS. These are:

- a. the reclassification of capitalised software costs to intangible assets from property, plant and equipment.
- b. the reclassification, as at 1 February 2004, of translation differences for foreign operations to retained earnings as permitted by IAS 21.

Reconciliation of UK GAAP profit and loss account to IFRS income statement for the six months ended 31 July 2004.

	As previously reported under UK GAAP to 31/07/04 £000	Effect of transition to IFRS £000	As restated under IFRS to 31/07/04 £000
Revenue	34,542	-	34,542
Profit from operations	2,379	105	2,484
Loss on disposal of fixed assets	(31)	-	(31)
Operating profit	2,348	105	2,453
Finance costs (net)	(449)	(80)	(529)
Profit before taxation	1,899	25	1,924
Taxation	(607)	8	(599)
Profit for the period	1,292	33	1,325

Notes to the Financial Statements - continued

13. Transition from UK GAAP to IFRS - continued

Explanation of transition to IFRS on profit before tax for the six months ending 31 July 2004.

	£000
Profit after tax as previously reported under UK GAAP	1,292
IFRS adjustments in respect of:	
Goodwill amortisation	15
Unwinding of deferred tax discounting	5
Retirement benefits	61
Lease incentives	(48)
	33
Revised profit after tax as restated under IFRS	1,325

Reconciliation of UK GAAP profit and loss account to IFRS income statement for the year ended 31 January 2005

	As previously reported under UK GAAP to 31/01/05 £000	Effect of transition to IFRS £000	As restated under IFRS to 31/01/05 £000
Revenue	70,723	-	70,723
Profit from operations	5,637	435	6,072
Loss on disposal of fixed assets	(47)	-	(47)
Operating profit	5,590	435	6,025
Finance costs (net)	(917)	(165)	(1,082)
Profit before taxation	4,673	270	4,943
Taxation	(1,469)	(45)	(1,514)
Profit for the period	3,204	225	3,429

Explanation of transition to IFRS on profit before tax for the year ending 31 January 2005.

	£000
Profit after tax as previously reported under UK GAAP	3,204
IFRS adjustments in respect of:	
Goodwill amortisation	32
Unwinding of deferred tax discounting	9
Retirement benefits	224
Lease incentives	(40)
	225
Revised profit after tax as restated under IFRS	3,429

13. Transition from UK GAAP to IFRS - continued

Reconciliation of UK GAAP balance sheet to IFRS balance sheet as at 1 February 2004

	As previously reported under UK GAAP to 01/02/04 £000	Effect of transition to IFRS to IFRS £000	As restated under IFRS to 01/02/04 £000
Assets			
Non-current assets			
Goodwill	416	-	416
Other intangible assets	-	1,607	1,607
Property, plant and equipment	11,377	(1,607)	9,770
Deferred tax asset	-	2,979	2,979
Investments	10	-	10
	11,803	2,979	14,782
Current assets			
Inventories	28,327	-	28,327
Trade and other receivables	23,590	(1,151)	22,439
	51,917	(1,151)	50,766
Total assets	63,720	1,828	65,548
Liabilities			
Current liabilities			
Trade and other payables	17,024	(881)	16,143
Current tax liabilities	1,229	(60)	1,169
Obligations under finance leases	9	-	9
Borrowings	6,245	-	6,245
	24,507	(941)	23,566
Non-current liabilities			
Long term borrowings	8,250	-	8,250
Obligations under finance leases	12	-	12
Retirement benefit obligations	-	9,592	9,592
Deferred tax liabilities	756	22	778
Other provisions for liabilities and charges	105	-	105
	9,123	9,614	18,737
Total liabilities	33,630	8,673	42,303
Net assets	30,090	(6,845)	23,245
Equity			
Called up share capital	3,329	-	3,329
Share premium account	1,800	-	1,800
Revaluation reserve	2,358	-	2,358
Other reserves	2,433	(1,398)	1,035
Retained earnings	20,165	(5,447)	14,718
Equity shareholders' funds	30,085	(6,845)	23,240
Minority interest	5	-	5
Total equity	30,090	(6,845)	23,245

Notes to the Financial Statements - continued

13. Transition from UK GAAP to IFRS - continued

Explanation of transition to IFRS on net assets at 1 February 2004

	£000
Net assets as previously reported under UK GAAP	30,090
IFRS adjustments in respect of:	
Dividends	1,099
Unwinding of deferred tax discounting	(201)
Retirement benefits	(7,602)
Lease incentives	(141)
	(6,845)
Revised net assets as restated under IFRS	23,245

13. Transition from UK GAAP to IFRS - continued

Reconciliation of UK GAAP balance sheet to IFRS balance sheet as at 31 July 2004

	As previously reported under UK GAAP to 31/07/04 £000	Effect of transition to IFRS to IFRS £000	As restated under IFRS to 31/07/04 £000
Assets			
Non-current assets			
Goodwill	468	15	483
Other intangible assets	-	1,712	1,712
Property, plant and equipment	11,221	(1,712)	9,509
Deferred tax asset	-	3,081	3,081
Investments	10	-	10
	11,699	3,096	14,795
Current assets			
Inventories	27,694	-	27,694
Trade and other receivables	24,133	(1,218)	22,915
	51,827	(1,218)	50,609
Total assets	63,526	1,878	65,404
Liabilities			
Current liabilities			
Trade and other payables	16,434	(316)	16,118
Current tax liabilities	854	(80)	774
Obligations under finance leases	9	-	9
Borrowings	45	-	45
	17,342	(396)	16,946
Non-current liabilities			
Long term borrowings	14,500	-	14,500
Obligations under finance leases	7	-	7
Retirement benefit obligations	-	9,940	9,940
Deferred tax liabilities	717	(11)	706
Other provisions for liabilities and charges	132	-	132
	15,356	9,929	25,285
Total liabilities	32,698	9,533	42,231
Net assets	30,828	(7,655)	23,173
Equity			
Called up share capital	3,335	-	3,335
Share premium account	1,824	-	1,824
Revaluation reserve	2,357	-	2,357
Other reserves	2,433	(1,381)	1,052
Retained earnings	20,874	(6,274)	14,600
Equity shareholders' funds	30,823	(7,655)	23,168
Minority interest	5	-	5
Total equity	30,828	(7,655)	23,173

Notes to the Financial Statements - continued

13. Transition from UK GAAP to IFRS - continued

Explanation of transition to IFRS on net assets at 31 July 2004.

	£000
Net assets as previously reported under UK GAAP	30,828
IFRS adjustments in respect of:	
Dividends	600
Unwinding of deferred tax discounting	(196)
Goodwill amortisation	15
Retirement benefits	(7,885)
Lease incentives	(189)
	(7,655)
Revised net assets as restated under IFRS	23,173

13. Transition from UK GAAP to IFRS - continued

Reconciliation of UK GAAP balance sheet to IFRS balance sheet as at 31 January 2005

	As previously reported under UK GAAP to 31/01/05 £000	Effect of transition to IFRS to IFRS £000	As restated under IFRS to 31/01/05 £000
Assets			
Non-current assets			
Goodwill	451	32	483
Other intangible assets	-	1,884	1,884
Property, plant and equipment	11,373	(1,884)	9,489
Deferred tax asset	-	3,868	3,868
Investments	10	-	10
	11,834	3,900	15,734
Current assets			
Inventories	27,785	-	27,785
Trade and other receivables	22,273	(846)	21,427
	50,058	(846)	49,212
Total assets	61,892	3,054	64,946
Liabilities			
Current liabilities			
Trade and other payables	17,148	(897)	16,251
Current tax liabilities	1,030	(77)	953
Obligations under finance leases	10	-	10
Borrowings	1,701	-	1,701
	19,889	(974)	18,915
Non-current liabilities			
Long term borrowings	9,750	-	9,750
Obligations under finance leases	4	-	4
Retirement benefit obligations	-	12,570	12,570
Deferred tax liabilities	560	84	644
Other provisions for liabilities and charges	135	-	135
	10,449	12,654	23,103
Total liabilities	30,338	11,680	42,018
Net assets	31,554	(8,626)	22,928
Equity			
Called up share capital	3,335	-	3,335
Share premium account	1,824	-	1,824
Revaluation reserve	2,359	-	2,359
Other reserves	2,435	(1,398)	1,037
Retained earnings	21,601	(7,228)	14,373
Equity shareholders' funds	31,554	(8,626)	22,928

Notes to the Financial Statements - continued

13. Transition from UK GAAP to IFRS - continued

Explanation of transition to IFRS on net assets at 31 January 2005

	£000
Net assets as previously reported under UK GAAP	31,554
IFRS adjustments in respect of:	
Dividends	1,168
Unwinding of deferred tax discounting	(192)
Goodwill amortisation	32
Retirement benefits	(9,453)
Lease incentives	(181)
	(8,626)
Revised net assets as restated under IFRS	22,928

Independent Auditor's Review Report

Independent review report to Alexandra plc

Introduction

We have been instructed by the Company to review the financial information for the 6 months ended 31 July 2005 which comprises the Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Balance Sheet, Consolidated Cash Flow Statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As explained in note 1, the next annual financial statements of the company will be prepared in accordance with accounting standards adopted for use in the European Union. This interim report has been prepared in accordance with the basis set out in note 2.

The accounting policies are consistent with those that the Directors intend to use in the next annual financial statements. As explained in note 1, there is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 31 January 2006 are not known with certainty at the time of preparing this interim financial information.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Company management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 6 months ended 31 July 2005.

SOLOMON HARE AUDIT LLP
Chartered Accountants
Bristol

3 October 2005

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